



March 10, 2010

To Prospective Bidders,

Enclosed is the State's response to proposer questions concerning the Request for Proposals (RFP) for Mobile Vacuum Pump Service at Oceano Dunes State Vehicular Recreation Area and Pismo State Beach located in San Luis Obispo County, California. The response package includes the following:

- 1) The State's response, Addendum #1, to questions submitted by one proposer. Questions are presented exactly as submitted.
- 2) Errata #1 with modifications to the RFP and Sample Contract.

You may access materials referenced in this letter on the Concessions website at www.parks.ca.gov/concessions. If you have questions, please contact Concessions Specialist, Diana Salter at (916) 653-8939 or dsalt@parks.ca.gov.

Sincerely,

James A. Luscutoff, Chief
Concessions, Reservations, and Fees Division

Enclosure

**REQUEST FOR PROPOSALS
Mobile Holding Tank Vacuum Pump Service**

OCEANO DUNES VEHICULAR RECREATION AREA

Addendum #1

March 10, 2010

State's Response to Questions Submitted by One Proposer

**The following questions 1- 6 were submitted by Dave Kraus, owner
Yo, Banana Boy!**

Question 1: These 2 questions (points) have to do with the basic terms of the Mobile Holding Tank Vacuum Pump Service Contract.

Here is my 1st bid-proposal question (point), and it is in regards to our new rent %.

Our current percentage rate is at 8% for the Mobile Holding Tank Vacuum Pump Service Contract, under our new contract it is to raise to 10% (and from what I understand all of the ODSVRA concession contracts will be going up to 10%). This is a pretty tough pill for me and all of the concessionaires at the Oceano Dunes SVRA to take and swallow.

I understand that State Parks has reviewed our contracts and concessions to come up with this new figure; however, I feel that apples-to-apples has not been taken enough into consideration in coming up with this new percentage.

Here's what I mean...

Operating on the Oceano Dunes involves working in the Harshest Environment in California! The sand and salt air/water wreak absolute havoc and destruction on our equipment... our auto repair & equipment maintenance costs are astronomical and Much Greater than any other concessionaire operating at any other park in California. And because of this, we (all ODSVRA concessionaires) ask for you to reconsider our rent percentage to 8%.

Simply put... when we (ODSVRA concessionaires) buy a new truck, it will last only 3-4 years before it is virtually completely dead due to rust and corrosion. And in order for it to operate at all, it is under constant maintenance and repairs all with significant cost. On the other side, if any other state concessionaire operating at any other park in California buys a new vehicle, they are expecting it to last probably forever, with normal maintenance.

Therefore, comparing ODSVRA concessionaires with any other state vendor is not comparing apples-to-apples... it's apples-to-oranges. We, as ODSVRA vendors, ask that you take into consideration our higher operating and auto/equipment repair costs, and place a greater emphasis on them... reconsidering our rent %, and asking for an 8% rent instead of 10%.

Here are my Auto/Equipment repair costs over the past five years:

2010 - \$2,419 (already, Jan-Feb 15)
2009 - \$30,305
2008 - \$36,422
2007 - \$29,665
2006 - \$31,132

These numbers do not include fuel, insurance, registration, or new equipment cost... just repairs. You can see we average approximately \$2,700/month just to keep our equipment/trucks operating. I am sure that all of the other ODSVRA vendors have similar high repair cost numbers.

When you compare these repair costs with our gross-sales numbers, you can see that an overwhelmingly high percentage of our monies goes to nothing but repairs and keeping our equipment operational.

We currently operate 4 full-service vacuum pump vehicles, and under our new contract we will be expanding the amount of equipment and vehicles in our fleet... only adding to our monthly operating costs & expenses.

So, once again... I ask that you compare apples-to-apples and ask that you take into consideration our higher operating and auto/equipment repair costs, and place a greater emphasis on them... reconsidering our rent %, and giving us an 8% rent instead of 10%.

A second point to asking for the 8% rent is in the economy. Right now Every expense we have as business owners is going up (fuel, insurances, utilities, payrolls, etc.) and at the same time our gross sales are going down (rapidly)... Having a higher rent % to pay the State, would just further the difficulty in keeping a profitable business operating in these times. It could *bury* some vendors, causing them to go out of business all together... And, that would not be beneficial to the business, State Parks, or our ODSVRA visitors.

So please give this matter it's due-diligence as you thoughtfully and attentively reconsider our percentage rate.

Answer 1: The State believes the guaranteed minimum percentage rate of 10% of monthly gross receipts is reasonable given the historical information and the

increased revenue potential included within the new contract. The new contract will include additional camping related item sales activity. Note that the final minimum annual rent and the percentage of gross receipt figures will be determined through the competitive bidding process.

Question 2: Bid-Proposal question (point) #2...

This question is in regards to the contract term of 5 years with an optional 5 year extension for the Mobile Holding Tank Vacuum Pump Service Contract. At the Pre-Proposal Meeting of February 9, 2010, it was stated that these terms were chosen based on gross-incomes. Concessions earning under \$500,000/yr, did not qualify for longer length contract terms, and that shorter contract terms would be beneficial to the vendor.

I feel a longer contract term would be more beneficial to the Mobile Holding Tank Vacuum Pump Service Contract and I am asking for a longer contract term of 10 years with an optional 5 year extension.

First, under the new contract, we will be expanding our services & products offered... I expect our gross-sales to at least double under the new contract, and they may triple. That would put us way over the \$500,000/yr qualification for a longer contract term, this will become a \$1,000,000/yr concession.

Second, we currently have over \$250,000 worth of equipment in operation; in addition, we own our commercial property located right in the town of Oceano, CA. Under our new contract we plan to invest much, much more into new equipment and business expansion, putting our business assets (not including the property/land) close to \$500,000. Investing this much money into our business and concession contract would be much easier to do and we would have a much stronger peace of mind, knowing that a longer contract term exists giving us sufficient time to recoup our investment.

So please reconsider the contract term length to 10 years with an optional 5 year extension.

For further clarification or questions about these items, please contact me.

Thank You for Your Serious Consideration on these Matters. I feel both of these "questions/points" are very reasonable to ask for in the Mobile Holding Tank Vacuum Pump Service Contract. These slight compromises by State Parks would make a significant impact and would be an enormous value to this contract.

Answer 2: A longer contract term is typically justified by the amount of required capital investment to operate the concession. The 5 year contract with a 5 year

extension is reasonable given the required investment, and the provision of an extension does provide for 10 years of operation.

Question 3: My Question #3 has to do with the required Performance Bond.

I need clarification about what is actually required for the Vacuum Pump Service Contract... The "Notice of Request for Proposals" states \$10,000 or six-months minimum rent as proposed. Can you define this?

Answer 3: The guaranteed annual rent at a minimum must be \$20,000. Therefore, six months guaranteed annual rent at the minimum is \$10,000. If the successful proposer bid a higher guaranteed annual rent the performance bond would be equivalent to six months of the guaranteed annual rent (half of the guaranteed annual rent).

Question 4: Also, in the "Sample Contract (page 8)" it states a one-year minimum, instead of the 6-months noted above. Which is correct?

Answer 4: The RFP is correct. The "Sample Contract (page 8)" should read "Six-months Guaranteed Rent as Bid" and has been changed accordingly.

Questions 5: Next, the "Towing Service" and the "Hummer Tours" rfp's have come out, and it appears that their Performance Bonds are to be \$5,000, or six-months minimum rent. Why are these two rfp's different than the vacuum pump service contract, when other factors are the same (i.e. Contract term)? Can we get a \$5,000 Performance Bond instead of \$10,000 in our contract?

Answer 5: The performance bonds are based on the contract term and the minimum annual rent. In all the cited cases, the bond amount is six months of guaranteed rent. Your minimum annual rent is \$20,000; therefore, six months of the rent would be \$10,000. If the rent is higher, the bond is greater.

Question 6: Last, can you define and explain this... *In lieu of a bond, the Concessionaire may substitute another financial instrument (such as an Irrevocable Standby Letter of Credit)?*

Answer 6: In lieu of a bond, the Concessionaire may substitute a deposit of funds acceptable to DPR. The Concessionaire shall provide a surety or an acceptable financial instrument before execution of the contract. At the sole discretion of DPR, acceptable alternatives to sureties may include: 1) Standby Letter of Credit. 2) Irrevocable Letter of Credit. 3) Savings Passbook. 4) Cashier's Check. 5) Certificate of Deposit.

REQUEST FOR PROPOSALS
Mobile Holding Tank Vacuum Pump Service
Oceano Dunes State Vehicular Recreation Area

ERRATA #1
March 10, 2010

Changes to the published RFP include the following:

RFP Page 8, Section 2.1 PROPOSAL PROCESS

Tentative Proposal Dates

January 28, 2010	Opening Date - Publication of the RFP
February 9, 2010	Mandatory Optional Pre-Proposal Meeting
March 1, 2010	Questions - Last date for proposers to submit written questions
March 10, 2010	Answers - DPR written responses to questions
April 13, 2010	Closing Date - Deadline for proposal submission
April 2010	Investigation and evaluation of Proposals
May 2010	Notification of "Intent to Award Contract"
June 2010	Award, preparation, and execution of contract
July 1, 2010	Five (5) year contract begins

Note: This schedule does not consider unforeseen factors that could impact the timing of the project. It is the intent of the State to keep proposers apprised of changes in the schedule as they occur. Should the award of the contract be protested, additional time will be required to resolve the matter.

~~Mandatory~~ **Optional Pre-Proposal Meeting**

It is ~~mandatory~~ **optional** that the proposer or designated representative attend the pre-proposal meeting at 6:00 p.m. on February 9, 2010 at the Ramona Garden Park Center, 933 Ramona Avenue (corner of North 10th Street and Ramona Avenue) Grover Beach, CA. 93433. An optional tour of the premises at Oceano Dunes SVRA and Pismo State Beach will be offered at 2:00 p.m. on February 9, 2010. Proposers must request the tour by calling Dena Bellman in the Oceano Dunes District office at (805) 773-7182 by February 4, 2010. The meeting provides an equitable forum for all proposers to:

- Meet local Department staff;
- Learn about the RFP process, including procedures for questions and answers, proposal submission, and contract award;
- Receive information on the history of the parks and facilities and Department plans for the parks and the concession;
- Review the RFP document.

Sample Contract Page 8, Section 6, BONDS, Item B

B. Performance Bond: Concessionaire, at Concessionaire's own cost and expense, agrees to obtain and deliver to State, prior to the commencement date of this Contract and prior to entering the Premises, and shall maintain in force throughout the term of this Contract, a valid Performance Bond (which may be renewed annually) in the sum of [~~One Year~~ Six-months of Guaranteed Rent as Bid] payable to the State. This bond shall insure faithful performance by Concessionaire of all the covenants, terms, and conditions of this Contract inclusive of, but not restricted to, the payment of all rentals, fees, and charges and prompt performance of and/or payment for all maintenance obligations. In lieu of a bond, the Concessionaire may substitute another financial instrument (such as an Irrevocable Standby Letter of Credit), which must be sufficiently secure and acceptable to State. At least thirty (30) days prior to the expiration or termination of said bond or acceptable financial instrument, a signed endorsement or certificate showing that said bond or financial instrument has been renewed or extended shall be filed with the State. Within 15 days of State's request, Concessionaire shall furnish State with a signed and complete copy of the valid bond or financial instrument.